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December, 1998

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Neil Bradford

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Prospects for Associative Governance: Lessons from Ontario, Canada

NEIL BRADFORD

The passing of the Keynesian era in advanced industrial countries has renewed interest in the constructive role played by "secondary associations" in modern democratic governance.[1] Progressive economic restructuring projects that aim to restore competitiveness through investment in diversified quality production rather than cost cutting or downsizing seem to depend on formal policy collaboration among representative interest-based secondary associations, most prominently business and labor, but including other social movements and community groups. The logic of the economy's virtuous merger of associative democracy and diversified quality production is clear enough. Such social cooperation can ensure appropriate supply of the new public goods critical to knowledge-based production: specialized but transferable labor market skills, scientific research and development networks, and communications and technological infrastructure. Moreover, the benefits of associative governance may extend beyond the economy. In democratic terms, institutionalized dialogue among diverse social actors can help level the decision-making field by empowering interests historically lacking policy voice and material resources. Further, growing recognition of the gains from cooperation may yield new "productive solidarities" that contribute to social cohesion. And from a public policy perspective, there is the promise of a steady flow of leading-edge policy intelligence rooted in the expressed needs of workplaces and communities, not to mention improved program implementation and regulatory compliance.

For helpful comments on an earlier draft of this article, I would like to thank the editorial board of *Politics & Society*, especially John Bowman. I also am grateful to Mary-Ann Twist for her assistance.

POLITICS & SOCIETY, Vol. 26 No. 4, December 1998 539-573
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Given these attractive prospects, significant questions are posed about the feasibility of associative governance in market-oriented liberal polities with little history of collaborative planning and power sharing, either within workplaces or between public and private sectors. One influential line of argument in comparative political economy underscores the deep-seated obstacles to such projects, highlighting what Robert Putnam terms "the powerful constraints that history and social context impose on institutional success."[2] Societies endowed by history with limited "social capital" are destined to remain without the networks of civic engagement and interorganizational trust that is the lifeblood of associative governance. Uncomfortable with this societal determinism, other writers have theorized a more autonomous role for states in creating the political institutions and social relationships necessary for associative governance.[3] Politics and public policy, Joshua Cohen and Joel Rogers suggest, can "supplement nature with artifice," principally by establishing institutional settings for deliberation and learning that can generate, among other things, a flow of social capital.[4]

This article is an intervention into the debate about the prospects for the strategic construction of associative governance in liberal polities and capitalist economies. Our case is one of North America's leading associative democratic laboratories: Ontario, Canada. This region is Canada's industrial heartland, and from 1985 to 1995, three successive provincial governments devoted extraordinary political and administrative resources to build a new partnership-based governance regime mandated to put in place a diversified quality production restructuring project. A host of "associative supports" was deployed by the Ontario state to transform the capacity of social interests to assume extensive public policy responsibilities.[5] Probing the nature and limits of Ontario's ambitious, decade-long foray into associative governance can contribute to both theoretical and practical knowledge of the conditions and strategies necessary for such institutional reform.

Our method is comparative case study analysis. We investigate innovative dynamics in the three discrete but interrelated fields that constituted the policy foundation of the Ontario experiment—occupational health and safety, labor market training, and industrial development. In each, the Ontario state, beginning in 1990, launched formal associative processes involving significant devolution of executive decision-making authority to interest representatives.

The results of Ontario's experiment with new policy structures and practices proved disappointing. Only in its third attempt at associational reform, that of industrial policy, did the Ontario state find any success in coalescing viable partnerships for policy change. In occupational health and safety and labor market sectors, the most notable outcome was protracted, ideologically charged dispute among the social partners that prevented meaningful policy development. In the midst of these institutional growing pains, a neo-liberal government was elected in Ontario in 1995, and among its first decisions was dissolution of each associative body. Overall, the Ontario experience reveals modest success in industrial

policy, mostly failure in health and safety and labor market policies, followed by abrupt, across-the-board termination of all activity.

To explain this outcome, it is necessary to attend to both the societal constraints on associative governance in places such as Ontario, as well to the possibilities for "learning through action" that allows reform-minded political movements to make some progress. Ontario's associative experiment reveals the limits of both the societal determinism of Putnam's approach and the statist voluntarism animating the work of Cohen and Rogers. Simply put, the former perspective could account for Ontario's failures but would be hard-pressed to explain how and why such ambitious reforms would ever be attempted in the first place. Conversely, the latter approach could capture the initial dynamics but prove less helpful in grasping the range of factors that conditioned the implementation of the innovation and therefore its durability.

Looking beyond both of these perspectives, we argue that the rise and fall of associative governance in Ontario was driven by the dynamic interplay among party politics, state capacities, and societal constraints. Our case studies suggest that partisan factors were most responsible for both the initiation and termination of associative governance; that state capacities in institutional design and partnership facilitation were important in shaping the functioning of the institutions; and that societal constraint, in the particular form of the power of organized business interests to resist partnership offers from state managers, was critical to determining the viability of the overall reform thrust. In liberal polities like Ontario that are also capitalist economies, the prospects for robust associative innovation depend on the incentives for business to cooperate, or at least not to exercise its option to "exit" the partnership. Only in industrial policy was this constraint relaxed sufficiently to permit a cross-class alliance represented by sectoral employer associations and individual trade unions.[6] In occupational health and safety and labor market policy, no such alliance emerged through the associative process. In fact, the design and mandate of new associative institutions in these fields worked mostly to reinforce the strength and salience of the "capitalist constraint" on social democratic reform.

ASSOCIATIVE GOVERNANCE: ONTARIO'S UNFAVORABLE SETTING

In the mid-1980s, when Ontario launched its experiment with associative governance, the provincial policy environment exhibited few of the favorable preconditions widely recognized as necessary for such "partnership regimes." From the many studies of European corporatism, there seem to be three principal factors associated with viable bipartite or tripartite policy making. First, the effective economy-wide organization of business and labor interests is necessary in order that peak associations can define coherent policy positions and deliver membership support for compromises negotiated with other collective actors. Second, a political culture or public philosophy of social partnership that is rooted in labor-

management mutual respect in the workplace and extends to cooperation between public and private sectors may encourage positive-sum outcomes that sustain commitment to the dialogue. Third, a meaningful political presence for social democratic parties seems necessary to limit the economic or structural power of business in relation to organized labor and to provide an ongoing voice for trade unions in public policy development.

Jurisdictions containing a reasonable mix of these organizational, cultural, and political features have, for certain periods in their history, evolved partnership institutions governing broad aspects of economic and social policy making. Sweden's labor market board was once a near ideal type for this kind of associative dynamic. The institution was led by business and labor organizations possessing strong public policy capacity, with joint planning framed by a larger balance of class power that was affirmed and reaffirmed in electoral politics as successive social democratic governments facilitated the board's work. Further, a "policy model" produced by one of the partners, labor's famous Rehn-Meidner package, supplied an action framework for board policy makers and field program implementers alike. Across three decades, the institution acquired a cohesive organizational identity that enabled the social partners to adopt a pragmatic rather than bureaucratic or ideological approach to labor market policy and administration.[7]

In Ontario, the postwar setting for such institutional innovation was not favorable.[8] First, Ontario's key secondary associations, business and labor, were not very inclusive of the firms and workers they respectively sought to represent. The employer community was not well organized to generate coherent policy positions or to forge internal consensus or enforce compliance among members. Lacking effective provincewide or sectoral coordinating mechanisms, Ontario firms conveyed their interests to the state mostly through informal channels of policy consultation, where they enjoyed privileged access to senior bureaucrats and cabinet ministers.[9] In contrast, the Ontario Federation of Labour (OFL) had a long history in providing focused policy advocacy for Ontario workers, but covering less than 30% of the workforce, it had its own problems in claiming to be "the voice of labor." Further, the marginal role of its legislative ally, the social democratic New Democratic Party (NDP), in Ontario electoral politics set clear limits on labor's policy role and influence. Given the organizational fragmentation of the government's private sector partners, it is not surprising that Ontario economic and social policy remained the near-exclusive preserve of the bureaucracy. Moreover, state managers, adhering to strong conventions of ministerial responsibility and bureaucratic accountability, were not inclined to seek social partners.

Second, Ontario's labor-management relations have not been marked by collaboration or joint decision making.[10] Rather, the workplace representational regime reflected Taylorist work organization and the Wagner Act legal framework that was imported into Canada in the 1940s. As such, the relationship was one where management managed and unions grieved, with the two parties coming

together only during the collective bargaining cycle to negotiate distributive issues such as wages, benefits, and premium pay. The result was an adversarial workplace culture and a narrowly construed labor-management dialogue unlikely to spawn cooperative organizational innovations or cultivate European-style "productivity alliances."[11]

Relatedly, the prevailing "manufacturing culture" was strongly market oriented and anti-cooperative. Public policy was respectful of firm autonomy and management prerogatives in capital formation and workplace organization.[12] The government's policy role in matters of production was highly circumscribed. In labor relations, its interventions were confined largely to ending strikes in essential services. In economic policy more broadly, Ontario's fiscal measures assisted implementation of the federal government's postwar "commercial Keynesianism." No active industrial policy framework or labor force development strategy materialized in Ontario.[13] Incremental social welfare expenditures were designed and delivered in a technocratic and top-down manner. There was no distinctive "Ontario model" that focused policy resources or mobilized private sector commitment along the lines of the various active employment regimes distinguishing some European countries. Ontario's bureaucracy was neither corporatist in style nor statist in its developmental aspirations or modes of intervention.

Finally, Ontario politics and its political culture did not value decentralized policy initiative, horizontal collective action networks, or social partnership. On the contrary, the ethos of "Tory Ontario" combined deference to state authority with a predisposition against change and innovation. Moreover, Ontario was the one Canadian province that did not evolve a clear regional identity within the larger federation. The first three postwar decades were prosperous ones for Ontario, reinforcing both citizen identification with the nation-building goals of the federal government and respect for a technocratic, managerial style of provincial governance.[14] All of this was reflected in the remarkable unbroken governing reign of the Progressive Conservative Party from 1943 to 1985, noted mostly for its bland centrism, informal links with the business community, and policy conservatism. In this environment, civic values supportive of associative democracy such as citizen participation and community mobilization were not particularly celebrated. By the same token, policy approaches supportive of associative governance such as private-public partnerships, or the delegation of executive authority to social interests, were not seriously considered, much less practiced.

By way of summary, Ontario was not well positioned in the mid-1980s for an ambitious reform project aimed at the formation of partnership structures to support an alternative long-term provincial development strategy. However, just such a break with political traditions and policy legacies was made. The state acted. It sought to change its own policy practices and representational forms and to recast the role and capacities of societal actors. The next two sections describe the general dynamics of this rupture and trace its institutional-political expression in

three specific policy contexts. We challenge two lines of theoretical argument: those that declare the impossibility of associative reform in places like Ontario and those that proclaim not only their desirability but their viability.

TOWARD ASSOCIATIVE GOVERNANCE IN ONTARIO

In the mid-1980s, political and economic forces converged to discredit Ontario's long-standing policy orientations and institutions. Politically, the Progressive Conservative government was replaced in 1985 by a coalition-style government led by Premier David Peterson of the centrist Liberal Party with the explicit policy support, although not cabinet participation, of the smaller social democratic NDP caucus. This arrangement lasted for two years, until the Liberals won a majority government of their own. In turn, the Liberals were defeated in 1990, and the NDP came to majority power and governed until defeated in 1995 by a realigned Progressive Conservative Party that had dumped its traditional centrism in favor of a radical neo-liberalism. It was the three successive Liberal and NDP governments in power between the Progressive Conservatives that drove the province's experiment with associative governance.

The end of the forty-year reign of the Progressive Conservative government coincided with the acceleration of structural transformations in the global economy, which placed intense pressure on Ontario's mass production manufacturing base. Comparative data emerged to show the Ontario economy and workforce vulnerable in a number of key respects.[15] The gaps and weaknesses in a foreign-owned, branch plant industrial structure became obstacles to technological innovation and diffusion, efficient worker adjustment and training, and organizational redesign to make workplaces more productive and safe. Layoffs were the first labor adjustment option for many Ontario industries, not retraining or work sharing. Adding to the pressures, the Canadian federal government was negotiating a continental free trade agreement that would not only remove protection for domestic manufacturers but offer new flexibility to foreign investors for southward rationalization on cost and scale economy grounds. The Ontario state confronted a large and urgent restructuring challenge to sustain postwar provincial living standards and income distribution in the conditions of the new global competition.

To make change, Liberal and NDP governments sought novel economic ideas, social partnerships, and greater administrative and fiscal capacities. For example, in federal-provincial relations, Ontario officials became aggressive claimants for their "fair share" of federal financial transfers in social and labor market programming.[16] Premiers Peterson and Rae emerged as leading critics of federal monetary, fiscal, and trade policies that, they argued, magnified external pressures on the Ontario economy and constrained the province's ability to respond. The clearest and most substantive expression of provincial interest in a new development strategy was the creation of a new deliberative arena, the Premier's Council. In 1986,

Liberal Premier Peterson appointed a formal twenty-eight-member advisory body to government led by business, labor, and educational representatives mandated to "steer Ontario into the forefront of economic leadership and technological innovation." Its formation underlined the new government's view that the regular bureaucracy was not prepared for a major reformulation of provincial policy. The council was expected to produce consensual frameworks that would identify long-term expenditure priorities for the government and recommend institutional changes that might be necessary for their implementation.

In 1988, the council issued its first report, *Competing in the New Global Economy*, which concentrated on industrial restructuring policies for moving corporate strategy toward diversified quality production.[17] It marked the official introduction in Ontario of the policy argument that competitive advantage could be restored and maintained through adding value in production, not by cutting costs, shedding labor, or reducing social entitlements. The report recommended that public policy target support to "indigenous threshold firms" in new high-growth, high-technology products and services, while also working to "encourage all industries to move to competitive higher value-added per employee activities."[18] The urgency and scope of the restructuring challenge were underscored by the council as it reported the limited presence of Ontario manufacturers in such high-growth industries.[19] It proposed many policy instruments ranging from conventional firm-specific tax incentives to new research consortia and technology funds linking business and academia.

With its focus on industrial policy and corporate behavior, *Competing in the New Global Economy* tended to downplay the role of labor market policy and workers in the transition to the "new economy." Although general reference was made to the need to improve supports for workers coping with technological change, labor leaders soon expressed concern about the marginalization of their agenda. In response, the council decided to produce a second report that would balance the initial business-centered analysis. In 1990, *People and Skills in the New Global Economy* was published.[20] The main premise underlying this report was that the productivity of labor was no less important than that of capital for the province's economic renewal. Reforms to education, training, and worker adjustment programming were critical components of an "aggressive labour market policy" that could "play a significant role in assisting Ontario's companies and workers to move to higher value-added products and markets."[21]

An overarching theme of the council's work was the conceptual link made between social partnerships, associative governance, and diversified quality production. In particular, *People and Skills in the New Global Economy* referenced positive lessons from other jurisdictions in Europe and Canada where business-labor partnerships governed labor market programming. These two council reports quickly became benchmarks for further provincial discussion by civil servants, political parties, policy experts, and interest organizations. A consensus of

sorts crystallized by 1989 around themes central to diversified quality production: increased investment in skills training and high technology, recognition of both government and market failures in providing such investment in Ontario and the potential of social partnerships to correct for these failures, and interest in the formation of representative policy-making arenas to give substance to the partnership rhetoric.

However, it is important not to overstate the depth or breadth of the support for the Premier's Council's vision and recommendations.[22] First, the cross-section of provincial elites sitting on the council spoke more as individuals than delegates from social interests empowered to negotiate deals. As such, it was unclear how much "buy-in" the policy recommendations actually had in the larger employer and labor communities. Equally important, the council tended to limit the voice of people from groups beyond business and labor. Its work was immediately vulnerable to charges of downplaying the equity implications of technological and labor market change. This particular concern about council representation and the inclusiveness of its policy vision was embraced by the then opposition NDP, which was involved in its own far-reaching policy review.[23] Finally, there were unresolved differences between business and labor on certain key issues, most notably on the design of a funding mechanism to ensure the necessary infrastructure investments for diversified quality production. As events unfolded, these differences and tensions would greatly complicate the implementation of the council's vision, particularly after the NDP unexpectedly won power in 1990.

If the council's recommendations provided the intellectual catalyst for Ontario's experiment with associative governance, then the critical political precipitant was the NDP electoral breakthrough. NDP leader Bob Rae was a strong advocate of a modernized (or moderate) social democratic ideology that emphasized social partnership as an electoral coalition formula and a power-sharing administrative approach.[24] The intent was to overcome the policy dilemmas and legitimacy problems of traditional social democratic governance: welfare statism and centralized, exclusionary bargaining over macroeconomic stabilization. Ontario's first social democratic government set out to act with greater determination than the Liberals to embed (and, in critical respects, extend) the Premier's Council's diversified quality production economic ideas in a decentralized network of associative institutions. Arguably, the government's plans were too ambitious, particularly given the nature of the electoral mandate won by the party. An unprecedented pattern of vote splitting across electoral constituencies had delivered the NDP a solid parliamentary majority on the basis of only 37.6% of the popular vote. Perhaps of greater significance, the party had campaigned with a twenty-point populist "wish list" of grievances against the Liberal government that would not translate well into an alternative governing agenda. As one party strategist put it, "We, of course, had no notion that we might ever have to implement it."[25] Be that as it may, the government moved with dispatch to try to make

the Workplace Health and Safety Agency (WHSA), the Ontario Training and Adjustment Board (OTAB), and the industrial policy Sector Partnership Fund (SPF) showcase items for a new social partnership approach to provincial governance.[26]

ASSOCIATIVE GOVERNANCE IN ACTION: ONTARIO'S THREE EXPERIMENTS

Occupational Health and Safety: Class Conflict at the Workplace Health and Safety Agency

In 1989, the Liberal government in Ontario unveiled what it termed "a bold new approach" to occupational health and safety governance.[27] The aim was to substantially improve the operation of the Internal Responsibility System (IRS) that had been in place since the late 1970s. Under the IRS, management remained legally accountable for health and safety performance, but responsibility for identifying hazards and protecting workers from risks was shared between the workplace parties. In theory, bipartite health and safety committees would report to senior management on hazardous conditions and make recommendations for regulatory change, with the Ministry of Labour intervening to ensure appropriate management follow-up. Similarly, individual workers could exercise the right to refuse work they judged unsafe, backed by ministry enforcement. The IRS was intended to address the limitations of unilateral, command, and control health and safety systems, whether run by ministry officials or firm managers.

However, throughout the 1980s, the labor movement was very critical of the implementation of the IRS in Ontario. While supporting its broad principles, organized labor and the NDP issued detailed reports on occupational health and safety that identified a host of problems. These included the power of management to circumvent the committee process, the failure of the Ministry of Labour to use its authority either to support committee recommendations or to uphold work refusals, and the need for more expertise for committee members.[28] Not surprisingly, business was basically satisfied with the workings of the IRS. Able to exploit the advantages available to them in the system, Ontario employers did not coalesce in the 1980s around any agenda for reform in health and safety policy. Their "policy agenda throughout this period was essentially reactive."[29] Meanwhile, labor translated its broad concerns into a reform program calling for greater ministerial enforcement of regulations, training for IRS committee members, and a direct role for workplace representatives in policy development. On labor's final point, there was some common ground with business, as various employers often criticized the Ministry of Labour for an overly bureaucratic approach to the drafting of regulations.

By the late 1980s, political and bureaucratic factors converged to propel the labor movement's critique to the policy fore. Politically, the NDP's participation in a governing legislative accord made a difference, as the party, consistent with

its formal ties to organized labor, pushed hard for cabinet attention to occupational health and safety amendments. At the bureaucratic level, complaints about top-down policy development had led to several information-gathering visits by senior Labour Ministry officials to European jurisdictions where business and labor organizations played a direct role in the overall governance of health and safety systems. The prospect of extending the existing IRS workplace-based bipartism to the provincial level and inviting business and labor to take ownership, and therefore responsibility, for health and safety outcomes was not unattractive to officials.[30] In this political-bureaucratic context, then, the 1989 legislative reforms crystallized around the themes of expanded bipartism and enhanced joint problem-solving capacity.

Central to this thrust was a new emphasis on health and safety training through provincewide certification programs for workplace committee members. Employers would be obliged to pay employees at their normal rate during the period of certification training, as well as tuition costs. In turn, details about the content, duration, and delivery of training programs would become the responsibility of a new institution managing $46 million in training programs and services. The proposed WHSA would be bipartite in governance, under the direction of a fourteen-member Board of Directors (seven representing labor, seven representing business), with full-time business-labor co-chairs. An executive director was to be responsible for the day-to-day running of the agency. Four core policy tasks were delegated to the Board of Directors by the state: first, development and administration of certification training for workplace committee members; second, restructuring of the network of associations and agencies involved in the actual delivery of training; third, support to educational programs and research; and fourth, creation of an accreditation system for rewarding employers with strong health and safety records.[31]

Organized labor supported the package since it promised to correct deficiencies in the operation of the IRS at the same time that it provided workers with direct input and control over a host of training programs and resources. Further, the legislation gave organized labor, through the OFL, monopoly representation to speak for all workers. It also marginalized "neutral" third parties such as the scientific research community and occupational health and safety professionals, which labor historically viewed as de facto employer allies.[32] Equally predictable was the business community's opposition. Business foresaw not only increased costs but much greater accountability for health and safety performance through a revitalized IRS. An ad hoc coalition of trade associations, known as the "Gang of Eight," formed to pressure the premier and the Minister of Industry, Trade, and Technology to force changes on the Minister of Labour. Prominent among the employer concerns was the proposed bipartite governance structure of the agency. Recognizing the superior organizational capacity of Ontario labor to work effectively inside such an institution, and aware that labor had a well-defined health

and safety training agenda, business leaders argued for the presence of other technical and professional health and safety interests, as well as government, to "help depoliticize and depolarize the agency."[33] It insisted on government retaining the ability to defend the "broader public interest" in the policy area.

In response, the Liberal government substantially changed its legislative proposal. The bipartite character of the agency was modified.[34] A nonvoting neutral chair was added to the board, interpreted by labor as a return to the tripartite arrangements it long opposed on the grounds that business-government alliances dominated decision making. In addition, four health and safety professionals, two from labor and two from management, were to be appointed to the board. In the case of the chair and the professionals on the board, government would have the discretion to make choices based on recommendations from the business and labor representatives. A small business advisory committee would be established to provide further employer input to the board.

Labor was critical of these changes, and consequently the WHSA emerged through a hollow legislative "compromise" without the active support of either social interest, much less any meaningful consensus between them.[35] The fundamental unresolved concerns from the legislative struggle for each side were clear. Labor objected to the revised tripartite governance structure. Business remained uncomfortable with the central programmatic activity of the agency—mandated, employer-funded certification training. A polarization of positions and mistrust characterized the agency's legislative creation, providing a dubious launch for the social partnership that was to decide policy, design programs, and allocate monies.

In fact, the WHSA could not escape the controversies defining its formation. It operated in a more or less permanent state of near-crisis as labor and business representatives asserted their own priorities and attempted to block each other's advance. Organized labor came to the table with a worker-based training agenda in health and safety and a high capacity to mobilize behind its preferred outcomes. Labor's strong position inside the institution was reinforced externally by the election of the NDP, its political ally, and the appointment of longtime labor legislative activist Bob Mackenzie to the critical Labour Ministry. In contrast, business approached the agency without a coherent policy position or programmatic proposals in occupational health and safety training. Moreover, the business community's capacity to generate such a framework was severely limited by the absence of a provincewide organizational network to build consensus and mobilize support. In reality, the loose coalition of trade associations that became the accountability mechanism for the WHSA's management-side directors was united mostly by its criticisms of the agency and its disinterest in a centralized training regime. On specific issues related to the WHSA's mandate, they often divided. As such, business was ill-equipped for responsible or strategic participation.

In these terms, it was quickly apparent that this deliberative arena would not efface difference, mediate conflict, or reveal common ground between interests. To the contrary, the agency crystallized, indeed intensified, the class-based conflicts that had long framed Ontario's health and safety policy process. In fact, the WHSA tilted the field of struggle in labor's favor as agency policy outcomes and resource allocations consistently reflected the OFL's superior organizational capacity and political support at the Labour Ministry. This is evident in the dynamics surrounding implementation of the agency's major priorities: finalizing the governance structure, determining the substance of the certification training program, and restructuring training delivery organizations.

In terms of governance, the agency actually reverted back to the bipartite model that labor had long insisted upon as a condition for its full participation in partnership policy making. The third party chair and executive director both resigned within the first two years of operation. Both were frustrated by the narrowness of their actual responsibilities because the labor-side board members did not accept the legitimacy of their positions and roles. Here, the NDP Minister of Labour supported the move back to effective bipartism by not appointing a new chair for two years and by negotiating a Memorandum of Understanding (MOU) underscoring the authority of the labor and management vice-chairs, as well as the autonomy of the agency from government. The Labour Minister explained the government's rationale:

> Because of the unique experimental nature of the Agency there are often no guidelines or established precedents to guide actions. Instead of the rule book they have to rely on their own judgement, instinct, common sense and perspective. Those are the qualities that really define bipartism.[36]

In the midst of this unexpected reorganization, the management vice-chair resigned under pressure from other employers for not defeating the return to bipartism. Business also voiced concern that the government had not moved to establish the small business advisory committee that was part of the final legislative package passed by the previous government.

Turning to the agency's two major program initiatives, certification training and delivery organization restructuring, labor's superior capacity to define positions, reach consensus, and advance positions was also evident. Labor came to the discussions around the certification issue with a clear goal—to use its existing training programs as the basis for the agency's work. Its approach emphasized generic or theoretical training that provided workers with broad, portable skills in areas such as communications and health and safety research; a three-week program as the standard length; and an enhanced role for the labor-based Workers' Health and Safety Centre (WHSC) in program delivery. This "labour presentation established the ground upon which all further discussions would take place." There was no "agreement on policy frameworks" that would "establish the broad principles and criteria that should govern development of policy in a given area."[37]

The management caucus eventually brought forward its own notions about the certification program, reacting negatively to the proposed program length and the emphasis on generic skills and related absence of industry-specific content. After much dispute, delay, and last-minute intervention by the Ministry of Labour to avoid total stalemate, the Board of Directors voted on a compromise proposal, which failed to appease the management representatives and left them divided over how to proceed. In the end, the management caucus on the board fractured, and a certification package consistent with labor's agenda was adopted and ratified by the government. Labor's "institutional success" was further reflected in the agency's restructuring of the health and safety delivery system. Specifically, the resource discrepancy between business-based versus labor training organizations had long been a concern to labor. As part of the restructuring process, the overall allocation of monies to delivery organizations was reduced by 15%, with only the budget of labor's own delivery network, the WHSC, being increased by about 30%. These outcomes triggered four further resignations by management directors, including a small business member who publicly denounced the WHSA as a costly regulatory program imposed by government on employers who would neither cooperate nor comply.[38] These comments contrasted with those made by the labor vice-chair, who summarized the certification program as "an unprecedented example of labour-management cooperation in the field of adult training and education."[39]

In the face of these defeats, business began to organize not to engage the partnership process but to undermine or boycott the WHSA. Board resignations and small business protests in 1991 and 1992 were soon followed by widespread resistance to participation in the certification program at the firm level and by calls to scrap the agency at the political level. Labor representatives became aware that their legislative gains were in serious jeopardy at the implementation stage.[40] Business adopted a position of strategic disengagement.[41] It embraced the slogan "stay alive until '95" and took comfort from the fact that both opposition parties were committed to changes amounting to abolition of the bipartite agency.[42] Lacking the organizational structures necessary to assume provincewide health and safety policy-making responsibilities, Ontario employers saw no compelling political reason to build them. Consequently, labor's rather remarkable five-year forward march within the institution was never constrained by the need to negotiate meaningful compromise with business. However, it was limited by business's noncompliance and defection. And in the 1995 election, it would face business's capacity for political counteroffensive through party politics.

At the WHSA, the government wrestled with a highly unstable associative dynamic. A hostile, disorganized employer community declined to embrace the process while a highly mobilized labor movement worked the institutional rules to define training debates and channel agency resources. Exploiting the combination of business disengagement and government support, labor representatives

made significant policy and program breakthroughs. The inability of business to advance a coherent collective position at the WHSA reflected gaps in organizational capacity but also power politics as it resisted negotiation on terms defined by other actors. Not surprisingly, the WHSA lurched from crisis to crisis and proved unable to generate programs with the requisite cross-class buy-in to allow effective implementation. In effect, the NDP government imposed European-style bipartism on a weak North American–style social partnership. The disjuncture between institutional design and environmental context led to immediate problems in agency governance and ongoing controversies in policy design and service delivery. Business began to mobilize politically to win agreement from the opposition political parties that the problems with the agency required not legislative rebalancing of the partnership framework or governance structure but complete dissolution.

Labor Market Training: Pluralistic Paralysis at the Ontario Training and Adjustment Board

The Liberal government in 1989 also announced an intention to create a labor market training agency governed by social partnership. However, no implementation effort followed, and it was the election of the NDP government in 1990 that signalled clear political commitment to such institutional reform.[43] Embracing the Premier's Council's emphasis on active programming and private sector partnership, the NDP was also critical of certain aspects. Specifically, the party's electoral base and years in opposition had ensured greater sensitivity than the council had displayed to social equity issues in economic restructuring. The NDP responded in ways that the council had not, to the experience and claims of constituencies beyond business and labor, particularly equity groups such as women, visible minorities, and people with disabilities. Influential party activists had rejected the Premier's Council's preoccupation with internationally traded sectors and employed workers and its downplaying of increasing social polarization in the new economy. From this perspective, labor market policy had to address (and arrest) the rapid growth of nonstandard work and help workers trapped in low-wage, unstable employment ghettos outside the core traded sectors. The council's focus on specialized training for employed workers in traded sectors required broadening to incorporate equity and access for all workers, employed and unemployed. Such policies also required flanking by other labor market measures in the areas of employment standards and labor relations.[44]

In November 1991, the government released a consultation document on its plans for provincial labor market policy. *Skills to Meet the Challenge: A Training Partnership for Ontario* established the outlines of the NDP's OTAB model. It was significantly different from the Premier's Council's proposal. The range of programs to be transferred from government to the agency was expanded to include those serving the employment disadvantaged. The governance structure

would be a twenty-two-member multipartite board under business-labor leadership composed of eight business and labor representatives, four social equity representatives (women, visible minorities, persons with disabilities, Aboriginal Canadians), two education and training sector representatives, and one federal and one provincial ex-officio representative. As the Minister of Skills Development later stated,

> What we did in terms of adjusting the models to our own purposes was to try to expand the partnership somewhat, in particular so that we would be assisting unemployed workers and people who want to re-enter the workforce as well as those with jobs in having a say in the development of policy around training and adjustment in Ontario.[45]

With this model on the table, the government began public consultations to finalize legislation, confirm support from the labor market partners, and establish an organizational foundation for the associative structure. The contrast with the WHSA was striking. Before asking the social partners to assume policy responsibilities, the state committed itself to preparing leaders for effective participation in the new agency. Indeed, almost all of 1992 was consumed with trying to establish the representational foundations for the OTAB's operation. A special project team of bureaucrats worked closely with representatives to ensure each group could combine internal accountability with effective board-level deliberation and consensual decision making. Formal steering committees and reference groups were established to facilitate consultation between representatives and constituents on issues as fundamental as the OTAB's mandate. In some cases, the state's support for representational capacity building took the form of direct public monies, as with equity and education communities that had little prior experience with, or resources for, policy formation. In others, such as with business, efforts focused on facilitating a more coherent associative structure. In offering this support, the officials emphasized that the "OTAB is not another level of bureaucracy." They proclaimed, "Never before in North America has any government shared so much responsibility for the policy and direction of programs with the community it serves."[46] As the consultative exercise unfolded, officials hoped that the diverse representation would breed creativity and new forms of intergroup and cross-class understanding.[47]

However, it soon became clear that each of the private sector groups invited to sit on the OTAB had developed its own understanding of the basic purposes of training.[48] It followed that all had rather different views of the OTAB's policy focus, program priorities, and financing strategies. Business, it seemed, had accepted the original Premier's Council's version of the OTAB as an opportunity to use the discourse of competitiveness to orient publicly funded programs and services toward the type of competency-based and applied-skills training deemed most useful to employers. Labor's vision of training was different, rooted in priorities for worker empowerment and genuine consultation with unions. Labor saw training as an increasingly important issue that it could not afford to leave as a

unilateral business decision. In the words of the Canadian Energy and Paperworkers (CEP),

> The need for training is not just a question of productivity and/or profit for the company, although we may share some of these concerns with management. As we see it, training is about the future of our role in society as working people. It is *our* issue.[49]

The "worker-driven" vision of training challenged business's focus on competitiveness per se. It sought to put "workers in a better position to shape the future and start to eliminate job discrimination based on gender, race and ethnicity." In these terms, the union concluded that "while OTAB has the potential to promote worker-driven training across the province, its direction is not set. We will have to fight to make sure that OTAB meets our needs."[50]

Moreover, business and labor disagreed among themselves about the benefits of participating in joint planning structures and the degree to which compromises should be made. On the labor side, the Canadian Auto Workers (CAW) was much more skeptical of joint labor-management cooperation in training decisions than either the CEP or the United Steel Workers of America.[51] Within business, there remained fundamental questions of representative capacity and whether there could be a reliable business voice to decide provincewide training issues, despite the addition of steering committees and reference groups. Organizations representing different sectors, particularly small business, were wary of decisions that might have a detrimental effect on their memberships.

Like business and labor, social equity groups had also developed particular understandings of training, reflecting their own workplace and community experience. In general, they all "welcomed the integration of social and economic policy in the OTAB legislation" and argued that "employment equity must be linked to the entire labour adjustment and training system."[52] In their view, "good training" was a broad concept, where "social equity objectives are first established, then achieved and maintained within a training system that promotes social justice as well as economic objectives."[53] Equity groups not only argued for greater access to state-funded programs but a more basic reconceptualization of the training system. They noted that the dominant conception of skill acquisition and knowledge—viewed as a rational progression from elementary and secondary school to postsecondary education or apprenticeship and finally to firm- or workplace-specific skills—did not recognize either the different ways these groups might acquire skills or the barriers they faced in following the prescribed route. Women's groups maintained that training had to support gender equity, be learner centered, and provide collateral supports such as income and child care to enable women to participate. Visible minority groups emphasized that an anti-racism focus should be at the basis of training policy formation and program design.

The advancement of the social equity training agenda was contested, most obviously, by the OTAB's business representatives. They feared loss of the

competitiveness priority in Ontario's training system. Business spokespersons argued that the multipartite OTAB would have "a more important social than economic focus" and that the achievement of a more competitive economy was relegated to a "secondary status."[54] They criticized the government for producing an OTAB model that "strayed from the original purposes" of the Premier's Council. For its part, labor was also wary of the social equity movement on certain issues. Labor representatives were worried that funding for workplace- or sector-based training for skills upgrading might be diverted to labor market entry and reentry matters, particular concerns of equity constituencies.

These fundamental differences among the social partners came to a head in disputes over the coverage of the OTAB's mandate, the governing body's decision-making rules, and payroll training taxes.[55] The question of whether or not the OTAB's mandate should cover the public sector proved to be a major area of contention. Business groups did not want money for private sector training channeled to the broader public sector and argued that adjustment measures for this restructuring should remain a government responsibility. They insisted that the OTAB's mandate apply only to the private sector. The OFL and public sector unions, on the other hand, wanted the public and broader public sector included to guarantee training funds for members affected by widespread public sector restructuring and downsizing. Significantly, business did not provide a slate of its members to sit on a proposed council to examine broader public sector training issues, suggesting a boycott of the council.

The OTAB's decision-making rules became another source of controversy. Business wanted to avoid being outvoted by a coalition of labor and equity representatives and indicated that it would not provide nominations to the board unless the issue was resolved to its satisfaction. The business steering committee proposed that in the absence of consensus a double-majority model be adopted. This model would require the support of the majority of business and labor directors in addition to a simple majority vote. For their part, equity groups insisted on a triple-majority model in which they would be dealt with collectively as a third partner. A majority of votes from business, labor, and equity groups would be required to settle controversial questions. Meanwhile, the business steering committee also rejected the OFL's demand that a 1% payroll training tax be levied against employers to increase private sector funding for training. Business representatives argued that any investment in training should be voluntary and that a compulsory tax would act as a disincentive to further corporate training contributions. As one business spokesperson put it, "Top-down directives will not move business people to train."[56] The financing issue was deferred rather than resolved when the government informed business that it would not implement a training tax unless recommended by the OTAB once it was operational.

Following a round table convened among all interests to seek consensus on such matters, the Minister of Skills Development finally introduced legislation in

late 1992 to establish the OTAB. Remarkably, some groups complained that things were moving too quickly. The Board of Trade of Metropolitan Toronto felt that the process had been "a forced march" and that government should devise "a more carefully thought out plan." In fact, once legislation was introduced, the business community began to rethink the entire exercise, preferring to recast the OTAB as a more conventional advisory body to government. The Ontario Chamber of Commerce stated that it was "inappropriate to give OTAB spending authority for funds that should be accountable back through the legislature . . . that means that the independent portions of OTAB, the various boards and councils relying on reference groups/interest groups nominees, should be advisory, not decision-making."[57] The revisionism was not confined to business interests. A key labor representative stated publicly that the eighteen months of policy work and consultation leading to the enabling legislation had been largely wasted and that the government's institutional experiment would not work. He recommended that the government seize the initiative, mandating employers to train their workers while increasing public expenditures on training the unemployed.[58] Social equity groups had a more positive view of the drawn-out consultation process, as they valued the resources made available for grassroots organizing and leadership development.[59] The OTAB's structure not only recognized and gave voice to groups historically marginalized in training policy, but its consultation process enabled them to develop common positions and strategic alliances.

In July 1993, nearly three years into the NDP's five-year electoral mandate, the government passed the OTAB legislation, approved a $442 million budget for the first year of operation, and appointed the governing body based on reference group nominees. An MOU was finalized, indicating that the board would operate within a policy framework established by the government, revealing an important difference from the WHSA's open-ended grant of executive authority to the partners. Yet, before training program activity could begin, the OTAB's newly appointed governing body and the government's training bureaucracy had to sort through further implementation issues. From late 1993 to early 1995, attention shifted to setting up five implementation councils that, in conjunction with twenty-five local boards, would carry out the reform plans devised by the board. As well, the focus turned to deciding protocols for the some 550 staff members who had transferred to the OTAB secretariat from the disbanded government bureaucracy.[60] These tasks required nearly a year of intensive work and were completed in June 1994. It was another six months before the councils began to meet to focus on the central tasks in the OTAB's mandate—program reform and increased training. By this time, the interest of the sponsoring NDP government had waned considerably. It was preoccupied with its daunting reelection struggle to the virtual exclusion of concern with further policy implementation.

In sum, the OTAB was a truly ambitious attempt at associative governance, transcending familiar neo-corporatist training approaches. Its multipartite

governance structure responded to the diversity of labor markets in the 1990s. Relatedly, the OTAB's policy focus was wide-ranging, cutting across traditional distinctions between economic and social fields. Its mandate included attention to labor market issues well beyond specialized skills formation for employed workers. It emphasized equitable access to basic skills acquisition for groups historically facing barriers and integration of the long-term unemployed, social assistance recipients, and new entrants into the labor market. Here, a number of ideologically contentious issues continued to inform discussion among the social partners. These ranged from the merits of mandated employer contributions to finance training, to the integration of efficiency and equity goals in training policy and the place of public sector workers in a revamped system. Consensus among business, labor, and social equity groups proved elusive.

Indeed, difference on the order of magnitude expressed during the OTAB's initial consultations raised the specter of organizational paralysis. The NDP oversaw formation of representational supports to facilitate associative partnerships and attempted to frame the agency's program decisions through an MOU underlining the expectations of government. These initial associative supports, however, would have to be supplemented by skillful facilitation and mediation of the inevitable disputes among representatives as the agency began operation. But the process never progressed to the point of meaningful implementation or action, at least within the electoral window afforded by a supportive government. Frustrated by the slowness of progress, but aware of the complexity of the issues at play and with much political capital invested in the partnership model, government officials were uncertain about how best to engage constructive dialogue. A tentative, hyperconsultative state failed to move the partners beyond either metapolicy debates or narrow procedural disputes. The theoretical scope for positive-sum negotiation and shared institutional identity formation implied by the OTAB's extraordinary membership and policy range never materialized in practice. The result was a protracted round of consultations that was mostly counterproductive. Rather than focusing energy, building commitment to action, and identifying potential terms of intergroup compromise, they crystallized ideological differences on matters of substance before foundering on drawn-out debates over structure and process.

Industrial Policy: Pragmatic Planning at the Sector Partnership Fund

In its industrial policy approach, the NDP again combined themes from the Premier's Council and its own internal policy thinking. The former's focus on high value-added competitiveness was merged with the latter's emphasis on creating sectoral capacities for innovation. NDP policy intellectuals had argued in the late 1980s that modern industrial policy needed to do more than subsidize individual firms.[61] Rather, it had to "create a new array of social and political institutions capable of supporting increased levels of social productivity and a higher standard

of living."[62] A central determinant of national or subnational competitiveness was the institutional capacity to diffuse innovations across the economy through networks sharing ideas and combining resources. The NDP did not want to target support to individual firms, whether of the "threshold" variety celebrated by the council, or to continue spending on mature, crisis-ridden companies in the steel and pulp-and-paper industries that became unexpected industrial assistance priorities of the government in its first year in office. Significantly, the NDP's industrial policy ideas never envisioned the use of strong policy instruments to steer capital formation or intervene directly and selectively in private investment decision making. As such, the industrial policy conceptions, while addressing matters arguably more central to the dynamics of capitalist accumulation, were less threatening to business interests and managerial prerogatives than either of the reforms undertaken in occupational health and safety or labor market policy.[63]

These orientations were brought together in the Industrial Policy Framework released in July 1992.[64] It proposed changes in the way government would intervene to assist private sector restructuring. Government expenditures would neither focus on individual firms nor take the form of general incentives. They would be channeled to enhance the "people and physical" infrastructure of the new economy—specifically, worker skills and high technology. They would also be used to lever private sector policy participation and financial contribution. The Industrial Policy Framework announced the government's intent to begin joint planning with networks of firms and unions in specific sectors. The goals were threefold: to increase private sector investment in upgrading sectoral competitiveness; to tailor all government expenditures to the particular product, market, and organizational conditions prevailing in sectors; and to introduce a kind of market test into industrial policy supports by confining government's role to "creating capabilities and promoting winning activities—the competitive fundamentals—rather than trying to pick the winning companies or sectors of the future."[65]

The centerpiece of the Industrial Policy Framework was the SPF, approved as a new initiative and announced in the 1992 budget with funding of $150 million over three years, later extended to six.[66] Under this program, the government would elicit from sectoral interests action plans that diagnosed sectoral strengths and weaknesses, identified common challenges, and proposed priority initiatives to meet such challenges. The SPF could be used by groups of firms for specific innovation-related tasks such as developing sectoral technological capabilities to improve production processes and products through precompetitive research and developing sectorwide training standards, sharing knowledge to encourage interfirm diffusion of information and technologies, and sector promotion and marketing to help firms pool resources, particularly for international markets.

The SPF was available to all sectors in the economy. Reinforcing the bottom-up nature of the process and its voluntarist or market-driven logic, the government did not predetermine intersectoral funding priorities. Consistent with

the goal of supporting winning activities rather than picking winners, the SPF gave priority to sectors that "self-identified," that is, independently organized and conveyed an interest in working with government. By letting the proposals develop externally, the government believed it would improve the quality of the submissions and their prospects for sustainability through increasing commitment of private, not public, resources.[67] The SPF defined a sector as a group of Ontario-based firms that produced similar goods or services, using similar processes and technologies. Each sector required a forum or council for sector issue identification and consensus building that included representation of business and, where they existed, trade unions and other relevant interests. The fund could be used by sector partners to build their coordinating capacity to implement concrete initiatives. One of the fund's goals was to assist in developing new interfirm relationships, analytic abilities, and program or service delivery capacities. To this end, government money was available to help sector partners prepare their strategies, including projects such as strengthening industry associations, providing initial diagnosis of the sector's capabilities, and retaining consultants to assist in developing a sector strategy.

This capacity-building support from government to the societal interests proved less complicated than in the case of the OTAB. In the SPF, private actors were not mandated to exercise broad executive authority. Instead, they were provided an opportunity to access public funds for joint initiatives designed in accordance with specific, even rigid, state program criteria. The funding approval process decided by the government specified a number of conditions that "sector councils" would have to meet to qualify for provincial money. Sector strategies had to reflect a consensus among all interests represented. Specific initiatives proposed for funding had to constitute an incremental addition to the activities of the sector and not substitute for activities that would have taken place regardless of the fund's existence. They could not overlap or duplicate other areas of government programming. Finally, once drafted, the sector strategies and proposed initiatives would be scrutinized by bureaucratic officials who would then carry the proposals forward to the Cabinet Committee on Economic Development for approval. The cabinet committee's conditions for approval involved assessment of the sector strategy's business plans, program, or service delivery responsibilities and evaluation framework.[68] With these parameters imposed on the joint planning process from the outset, the host of representational and accountability questions that beset and bedeviled both the OTAB and WHSA were far less likely to surface.

Following approval of a strategy, the government was prepared to make a financial contribution for implementation of up to 50% of funding secured from the sector partners themselves or other governments. The government's aim was clear: provide initial monies to engage firms and labor market partners in a planning process; lever sufficient private sector investments to implement sectoral

programs, networks, and infrastructure; and over time allow market forces to determine their viability.

In practice, the Ministry of Economic Development and Trade (MEDT) was responsible for coordinating the Industrial Policy Framework and implementation of the SPF. Under its direction, line ministries with sectoral responsibilities such as forestry, health, and agriculture and food were assigned leadership roles in facilitating approval of strategies. MEDT became a kind of industrial policy central agency supporting the various line ministries in their external work with the sectoral partners, and it was responsible internally for bringing forward proposals to the cabinet committee. Sectoral ministries used their existing consultative mechanisms, such as advisory committees to ministers, to support and mobilize their sector partners. This internal bureaucratic division of labor reflected a desire to break down the ministerial walls that characterized traditional industrial policy making. It also reinforced the government's desire for shared ownership of the SPF, relying for its momentum on responsible joint planning in the private sector framed by clear government intentions with respect to both process and outcomes.

Unlike the OTAB, the SPF was in operation within a year of its 1992 announcement. As such, there is a basis for preliminary assessment of its performance or impact.[69] By the time of the June 1995 provincial election, the SPF process had engaged two thousand participants from twenty-eight sectors, involving twenty-two unions, ninety-three industry associations, and twenty-eight college and universities.[70] Despite some difficulties in the partnerships, particularly between the CAW and business representatives in the auto parts and aerospace sectors, the SPF process appeared to be evolving toward a functional form of state-facilitated associative planning and action. The government committed about $75 million of the $150 million SPF budget and levered an additional $95 million from the private sector for joint projects. Sector strategies were approved in fifteen sectors, representing a broad cross-section of the provincial economy. These sectors included telecommunications, computing, aerospace, auto parts, food processing, environmental industries, health industries, plastics, furniture, and cultural industries. Between 1993 and 1995, only two sector strategies were rejected, one because it appeared the group wanted to use the process to lobby the government, and the second because the business representatives refused to cooperate with labor.[71] Overall, the content of the sector strategies conformed closely to the expectations of government, in part because the template created by government for the plans was directive and in part because individual ministries worked closely with their sector partners in their preparation.

The SPF's most significant impact in terms of concrete initiatives funded appears to have been support for sector-based technology and business resource centers. The aerospace sector strategy resulted in the creation of the Ontario Aerospace Council to help companies collaborate on precompetitive research,

establish an aerospace industry training certificate program, and bid on major national and international contracts. A similar sector-based technology center was established for environmental industries to assist in commercialization of environmental technologies. In the food sector, new funding was provided to the existing Guelph Food Technology Centre to improve technology transfer. Further funding was provided to the Ontario Winery Adjustment Program, a sectoral arrangement established in the late 1980s in response to free trade. In computing, a sector resource facility was funded to provide technical support to small- and medium-sized firms and improve their international marketing and export competitiveness. In auto parts, a sector strategy was approved, involving funding from the federal and Quebec governments, to establish a permanent sectoral council to coordinate initiatives in specific areas such as manufacturing practices, access to capital, work organization, apprenticeship training, and global marketing.[72]

Beyond their specific short-term contributions to sector capacities, these centers could potentially institutionalize the cooperative relationships engendered through the initial planning stage of the SPF, providing a context for organizing further shared investment in diversified quality production. The SPF facilitated a remarkable level of "front-end" planning activity across sectors. It provided an opportunity for many firms, unions, and scientific researchers to come together for the first time to identify longer term productivity challenges. Before undertaking planning and seeking approval for initiatives, many industries needed to create sectoral associational structures that would enable interfirm cooperation and labor-management partnership. As such, the achievements of the SPF resided more in the process it engaged than in the products it delivered. Indeed, the mere fact that collaborative planning was occurring distinguished the SPF from the WHSA and OTAB.[73] In time, both the province's manufacturing culture and organizational infrastructure may have been transformed along more cooperative and associative lines.

By now wary of (and wearied by) ambitious efforts to devolve policy authority to social interests, the government retained for itself a substantial role at the SPF. It determined the characteristics of an eligible sector, set the terms for an acceptable planning process, provided a template for the content of sector strategies, and established clear criteria under which the partners could secure public funding for action plans. Unlike at the OTAB, it bounded the issues "up for deliberation" and relaxed requirements for diversity in participants; in contrast to the WHSA, it demanded consensus among the relevant interests, both as a condition of entry to policy participation and as the terms on which the state would authorize funding for private sector proposals. The SPF's more circumscribed power-sharing arrangement responded, in ways that the OTAB and the WHSA did not, to the absence of functional provincewide interest organizations and of preexisting bases of solidarity between interests. Rather than assigning complex, open-ended policy responsibilities on weak provincial peak associations, the SPF relied on

and supported sectoral industry networks and individual unions to represent fairly cohesive interests, some highly organized, in a joint planning process on a limited set of issues. Fundamental questions about the mandate of the fund or the larger purposes of industrial policy were not brought to sectoral tables for negotiation.

However, the most striking contrast with each of the earlier associative experiments was the fact that only with the SPF did the state define terms for social partnership offering clear and immediate material inducements to business without threatening management autonomy in investment decision making or workplace organization. Ideological conflict between interests and the likelihood of business defection from the process were reduced by a pragmatic joint interest in securing public assistance in meeting specific sectoral challenges. The result was two years of modest, incremental progress that compares favorably with the five years of near-crisis at the WHSA and four years of waiting for the OTAB to act.

DISCUSSION: INSTITUTIONAL INNOVATION IN A LIBERAL POLITY AND CAPITALIST ECONOMY

The performance of an associative institution charged by government to design and implement public policy should be judged by its success in three basic areas. Does it facilitate agreement on problems among representatives? In turn, does such consensus enable concerted action to solve those problems? Is the action likely to achieve the desired goals? Agreement, action, achievement: in these terms, the results of Ontario's ten-year associative experiment were truly mixed. Only in industrial policy is it reasonable to judge the three criteria satisfied. In occupational health and safety, action without agreement led to highly unstable policy outcomes. In labor market training, the associative arrangement incubated neither agreement nor action with obvious consequences for achievement.

What accounts for the limitations of Ontario's institutional innovations? For those writers emphasizing preexisting stocks of social capital, the dashed expectations find their origins in the province's infertile associative soil. "Social context and history," Robert Putnam explains, "profoundly condition the effectiveness of institutions."[74] Ontario's historical development has been defined much more by markets, competition, and hierarchies than by negotiation, cooperation, and participation. In consequence, associative reforms were destined to failure.[75] Yet, the Ontario record also points out deficiencies in this explanatory framework. First, an approach to institutional innovation that is "resolutely society-centered" and historically determinist offers little guidance for understanding the origins of associative governance in places such as Ontario, not blessed with a conducive civic tradition.[76] Second, this approach may also desensitize observers to subtle but important anomalies, for example, in the Ontario case, to the variation in associative outcomes reflected in the comparative success of the SPF.

Pursuing both of these issues forces consideration of political agency in driving reforms and, specifically, the interplay between party strategy and state

capacity in shaping institutional change. Here the writings of Joshua Cohen and Joel Rogers are salutary.[77] They offer a provocative interpretation of the state's potential to engage a "deliberate politics of association" in settings where the "objective conditions" for cooperative collective action are far from ripe and where there is unlikely to be spontaneous societal leadership in associative projects.[78] The absence of preexisting group solidarities, they further propose, may prove advantageous to innovation through association because the new arenas are the policy equivalent of greenfield production sites. That is, the absence of long-standing interest and participation may allow greater creativity and experimentation. New collective identities may crystallize more rapidly than in arenas bounded by external past commitments. State power is the catalyst for change. "That the state could engage in such construction" Cohen and Rogers "take to be just short of uncontroversial."[79] Deploying a range of public policy instruments targeted at society's organizational and representative infrastructure, states can establish such deliberative arenas, devolve substantial policy-making authority to them, and facilitate other-regarding behavior among the diverse interests offered equal institutional voice.

Certainly, the statist perspective helps explain the source of change in Ontario. The initial move toward associative governance resulted from partisan dynamics as the new premier elected in 1986 created a participatory advisory body, the Premier's Council, to counter the ideas flowing from the regular bureaucracy. Supported by Liberal and New Democratic cabinets, the council elaborated the policy rationale for provincial social partnerships and devised an institutional framework for their implementation.

While the statist perspective accounts for the launch of the associative project, it cannot fully account for subsequent processes and outcomes in specific policy fields. Arguably, this shortcoming flows from certain assumptions made by state-centered reform advocates. If cooperation among firms and between classes is necessary for sustaining productivity in the new capitalism, the advocates suggest, then business will recognize its interests and participate in the social partnerships that provide an "institutional base on which flexibility can rest."[80] Supply-side associative governance directed by an active, competent state makes "capitalism an offer it cannot refuse—the offer of an indispensable and unique contribution to the viability of capitalism as a mode of production."[81] However, the Ontario experience brings into focus significant qualifications to this line of argument. The willingness of the business community to engage partnership processes varied across the three cases, and this variation turned out to matter greatly for relative institutional success and failure.

Incentives for participation were largest and the challenge to capitalist prerogatives most remote in the case of the SPF. The mix of incentives and threats was least attractive at the WHSA and somewhere in between at the OTAB. At the WHSA, the business community was faced with the likelihood of increased costs

and far less discretion over approaches to health and safety in individual workplaces. The negative implications for management control and the short-term bottom line evidently outweighed any longer term view of the potential productivity payoffs from safer, healthier workplaces and improved worker morale. At the OTAB, a chief concern animating the formation of the institution was the Ontario business community's underinvestment in the kind of broad-based, generic worker skills widely touted as critical sources of competitive advantage in the knowledge economy. However, the fear of state-mandated contributions from individual firms submerged any meaningful business interest in the collective return on such shared investments. Moreover, employer representatives at the OTAB had no grant of authority from their larger constituency to consider seriously alternative views about training priorities, much less negotiate compromises on program design or financial responsibilities with labor and social equity spokespersons. At the SPF, the incentive to participate and the stake in cooperative outcomes were more compelling for business. Most obviously, agreement on a joint strategic plan could lead to an effective doubling of corporate infrastructural investment through matched public monies.

In sum, in liberal polities and capitalist economies, business must be induced to refrain from exercising its structural privilege not to share economic power. From this perspective, a state seeking to devolve authority to its potential social partners has to concern itself with more than "associative supports" to enable collective action. Lessons from Ontario suggest that supply-side associative governance represents a deal that capital is inclined to refuse.[82] Ontario business evidently preferred the status quo ante of unconditional state-subsidized labor market training, wide latitude in health and safety practices, and so forth, even when arguments and research were tabled to clarify that such arrangements were inefficient and jeopardized the future well-being of the provincial economy and society. The prospects for arranging a cross-class accommodation in these two sectors were remote, and institutional innovation did little to alter perceptions of interest held by collective actors.

In these terms, the Ontario experience suggests a recasting of the debate opened by Rogers and Cohen about the prospects for creating robust associative governance in liberal polities. If business must be mostly forced rather than enabled to learn the virtuous behavior underpinning diversified quality production, then the issue of political power remains central. As Robert Kuttner puts it, can progressive forces mobilize resources through the state to "inflict what capitalism does not know it needs?"[83] In answering his own question in general terms, Kuttner underscores the importance of a supportive macroeconomic policy context for the microlevel partnerships and supply-side interventions defining associative governance. That is, low growth, high unemployment fiscal and monetary policy, or global laissez faire trade and investment policy empower capital against both workers and the domestic state. In Ontario, across the decade of provincial

associative experimentation, the Canadian federal government rigorously adhered to just such a deflationary, liberalizing macroeconomic package. Double-digit unemployment rates, a brutal continental rationalization of secondary manufacturing, and a near fiscal crisis of the provincial state, all facilitated by federal policies, severely diminished the capacity of progressive forces in Ontario to force business into associative partnership. Further, these factors converged to drive a wedge between the social democratic government and the trade union movement. In 1993, the NDP cabinet responded to the combination of budgetary pressures and business offensive against public expenditure by imposing its hugely controversial Social Contract on public sector workers that garnered savings through limiting collective bargaining rights.[84]

These political and fiscal difficulties suggest two other lessons for associative reformers from the Ontario experience. First, the strong claims often made about the "good fit" between such partnership institutions and regional or local settings may be overstated. A facilitative macroeconomic environment is a necessary condition for politically sustainable, subnational social partnerships on the economy's supply side. Second, if associative legislation is to prove viable in practice, reformers must pay systematic and sustained attention to extra-parliamentary mobilization of progressive forces, orchestration of reform alliances in specific policy fields, and cultivation of a supportive public opinion. Election campaigns based on substantive agendas that generate popular mandates for change are one example of what is required. In Ontario, the institutional innovations were limited by the resistance of the business community; at the same time, however, such opposition was not countered or tempered by popular understanding of and support for the concepts of partnerships or power sharing. Neither the Liberals nor the NDP used the channels of democratic representation to forge a strong link between their innovative policies and political strategies.

The Ontario experience also contains more specific lessons about the particular type of state capacity that is required to take advantage of the strategic maneuvering room available to officials within the societal constraints.[85] The Ontario story makes clear that associative reforms in liberal capitalist polities require from officials subtle appreciation of the complexities of institutional implementation. Close attention must be paid to matters of agency design, policy devolution, process facilitation, and policy supports that mix behavioral incentives and prohibitions. The three Ontario cases reveal clear differences in the state's approach to implementation, and these differences influenced the operation and performance of the agencies.

Three institutional design features seem especially salient. The first concerns the "level" at which the associative arrangement was cast, that is, at the provincial economy-wide level or the mesosectoral, industry-specific level. The second factor concerns the scope or range of issues that were open to negotiation among the social partners. The third factor involves the role reserved by the state for itself;

that is, the degree to which officials provided direction to the social partners, clarified expectations about acceptable outcomes, and, in so doing, facilitated, even drove, the planning process. The case studies suggest strongly that in Ontario, the possibilities for viable partnership are best at the mesolevel, where the state retains and exercises a significant measure of authority and where the policy agenda is focused and circumscribed.[86] This configuration of factors helped the SPF process to move forward, while its absence at the OTAB and WHSA left the social partners struggling over the terms of participation and rationale for cooperation. The mismatch between institutional structure and organizational environment was striking in the case of the WHSA and OTAB and much less so with the SPF.

These differences in state capacity were related to the sequencing in time of these initiatives: the WHSA was established in 1990, followed by the OTAB in 1991 and then the SPF in 1992. Government officials were learning about the challenges of appropriate institutional design as they proceeded. The WHSA represented a somewhat crude attempt to transplant a European bipartite model on North American soil. Reflecting on the resultant instabilities, officials introduced certain "context-sensitive" design features in the OTAB such as formal reference groups, representation of social equity movements, and linkage between social and economic aspects of labor market policy.[87] As the OTAB began to collapse, in part due to the weight of its own structural and policy complexity, officials again took stock. The result was a streamlined, scaled-down form of associative governance in industrial policy that was more realistic in its expectations of Ontario's private sector's partnership proclivities and associational interest.

These issues of state capacity and strategic choice in design and implementation certainly influenced the degree of growing pains experienced by each institution. However, our fundamental claim is that the role of business mattered most to outcomes. And this argument gathers further support when the associative experiment is placed in the wider context of electoral politics.[88] Associative governance in Ontario was officially launched, sustained, and terminated in accordance with the shifting priorities, social bases, and electoral coalitions of governing parties. The centrist Liberals set the stage for full-blown engagement by the social democratic NDP, which wanted to offer new voice to its allies in the trade union and social equity communities. The NDP's imprint was evident in the decidedly labor-centered, bipartite form that the WHSA took after 1990 and in the space for social equity concerns opened by the OTAB's multipartism. Similarly, the election of an avowedly neo-liberal Progressive Conservative government in June 1995 ended both the partnership process and diversified quality production policy. Instead of social cooperation to overcome market failures in training and technology, the new government was committed to privatizing responsibility for such matters to individual firms and workers.[89] The OTAB, SPF, WHSA, and the creative wellspring of provincial social partnerships, the Premier's Council, were all eliminated within the first year of the government's mandate.

Electoral politics affects the durability of experiments with associative governance because it establishes "a climate of expectations within which interests interact in an institutional context."[90] Whether social partners choose to cooperate, compete, or exit is shaped by expectations about the governing party's resolve and perhaps more significantly about that party's electoral prospects. In Ontario, the business community expected a one-term NDP government and, in eager anticipation of the 1995 election, effectively adopted a two-pronged strategy. On one hand, it refused serious participation in most associative settings, believing that they would soon be shut down. On the other hand, it went on the political offensive mounting a public campaign to discredit the NDP government, and a policy development process that produced its own supply-side agenda of deregulation and privatization to be delivered without partners to a more sympathetic new government. By the same token, for the labor movement, similar expectations about the longevity of a supportive government undoubtedly motivated it to seek significant programmatic breakthroughs in the brief window of political opportunity. These zero-sum victories proved nearly impossible to implement and stiffened the business community's resolve to defeat the NDP and elect a government that would abolish the WHSA.

In fact, it is likely that this partisan shadow for associative experiments is especially long and wide in liberal polities. The absence of a firm social partnership for these new institutions heightens their vulnerability to shifting electoral winds. There was no coalition of interests in Ontario civil society prepared to make the "associative case" and defend the fledgling institutions when the partisan context dramatically changed in 1995. As such, they all became easy targets for a new party in power keen to demonstrate its ideological commitment to radical retrenchment of the provincial state's role in the economy and of the influence of so-called special interests in mediating market forces.

CONCLUSION

This article has explored the prospects for associative governance in jurisdictions generally acknowledged to lack the preconditions underpinning institutional innovation. Its case has been that of Ontario, Canada, a region that responded to global economic pressures in the 1980s by launching an ambitious reform of its representational structures and decision-making processes in three policy fields central to diversified quality production. In occupational health and safety, labor market training, and industrial development, the Ontario state established new institutions for associative governance. Considerable intellectual, bureaucratic, and political resources across a ten-year period spanning three governments were invested in the design and implementation of reform. When the experiment was abruptly terminated in 1995, the results in terms of both institutional viability and policy performance were more discouraging than promising:

modest success in industrial policy, virtually no progress in labor market policy, and dysfunctional outcomes in health and safety innovation.

We have drawn insights from both society-centered and statist arguments to develop an alternative explanation for the nature and limits of associative innovation in liberal capitalist polities. Specifically, we have offered an account that grants autonomy to governing parties to legislate bold reforms in the face of societal or historical constraint. At the same time, we have emphasized that the viability and durability of such reforms depends on the willingness of organized business interests to share power responsibly with other social actors. At the end of the day, the state's capacity to sustain durable innovation correlated with the amount of political pressure that progressive forces could bring to bear on business to recognize the gains from social cooperation and learn new institutional behaviors.

In Ontario, political leverage was insufficient to force the hand of capital, and circumstances of social democratic party rule proved only to complicate prospects for institutionalizing cross-class cooperation.[91] Progress in associative governance was confined to the one policy field where the inducements to business were large enough, and the threats small enough, to convince corporate managers that partnership did not mean making unwarranted concessions to labor and other popular movements. In occupational health and safety and labor market policies, such concessions, in the form of increased financial responsibilities and diminished control in the workplace, were certainly more recognized by business than any anticipated collective gains from social cooperation. Only in industrial policy was the state able, briefly, to arrange an institutional process that allowed joint planning and action.

Diversified quality production implemented through associative governance made capitalism an offer that its agents in Ontario could and did refuse. For reform-minded state officials committed to power sharing, facilitating associative governance is, as Rogers and Cohen put it, good work.[92] But in places like Ontario, such good jobs are too hard to find and too temporary to make a real difference.

NOTES

1. See Joshua Cohen and Joel Rogers, "Secondary Associations and Democratic Governance," *Politics and Society* 20, no. 4 (1992): 392-472. This article was republished in Erik Olin Wright, ed., *Associations and Democracy: The Real Utopias Project*, Vol. 1 (London: Verso, 1995), 7-101. Citations below refer to the edited volume; Paul Hirst, *From Statism to Pluralism: Democracy, Civil Society and Global Politics* (London: UCL Press, 1997), esp. chap. 2; Andrew Sharpe and Rodney Haddow, eds., *Social Partnerships for Training: Canada's Experiment with Labour Force Development Boards* (Kingston: Caledon Institute of Social Policy and the School of Policy Studies, Queen's University, 1997).

2. Robert D. Putnam, with Robert Leonardi and Raffaella Y. Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton, NJ: Princeton University Press, 1993), 16.

3. See the discussion of social capital in Margaret Levi, "Social and Unsocial Capital: A Review Essay of Robert Putnam's *Making Democracy Work*," *Politics & Society* 24, no. 1 (1996): 45-55.

4. Cohen and Rogers, "Secondary Associations and Democratic Governance," 46.

5. Ibid., 90.

6. For insightful discussions of the role of business in politics and policy making, see Jonas Pontusson, *The Limits of Social Democracy: Investment Politics in Sweden* (Ithaca, NY: Cornell University Press, 1992), esp. chaps. 1 and 8; Peter Swenson, "Arranged Alliance: Business Interests in the New Deal," *Politics & Society* 25, no. 1 (1997): 66-116. In particular, I have found Pontusson's "business-centered" account of the variation in outcomes across policy sectors to be instructive in interpreting Ontario's experience.

7. For analysis of the board's operation in its heyday from the 1950s to the 1980s, see Bo Rothstein, *The Social Democratic State* (Pittsburgh: University of Pittsburgh Press, 1995). Discussion of recent instabilities, and indeed the breakdown of the postwar labor market institutions, is contained in Wallace Clement and Rianne Mahon, eds., *Swedish Social Democracy: A Model in Transition* (Toronto: Canadian Scholars Press, 1994).

8. For an overview discussion of Ontario politics, culture, and policy, see Rodney Haddow, "Ontario Politics: 'Plus Ca Change. . . ?' " in James P. Bickerton and Alain G. Gagnon, eds., *Canadian Politics*, 2nd ed. (Peterborough: Broadview, 1994), 469-490. For an account of provincial economic development and postwar fiscal and social policy, see Thomas J. Courchene with Colin R. Telmer, *From Heartland to North American Region State: The Social, Fiscal and Federal Evolution of Ontario* (Toronto: Monograph Series on Public Policy, University of Toronto, 1998).

9. David Wolfe and Meric Gertler, "The Regional Innovation System in Ontario," in Hans-Joachim Braczyk, Philip Cooke, and Martin Heidenreich, eds., *Regional Innovation Systems: The Role of Governances in a Globalized World* (London: UCL Press, 1998), 124.

10. John O'Grady, "Province of Ontario, Canada: Removing the Obstacles to Negotiated Adjustments," in Werner Sengenberger and Duncan Campbell, eds., *Creating Economic Opportunities: The Role of Labour Standards in Industrial Restructuring* (Geneva: International Institute for Labour Studies, 1993), 255-279.

11. Ibid., 265-266.

12. Wolfe and Gertler, "The Regional Innovation System," 133-134.

13. Richard Bird, *Industrial Policies in Ontario* (Toronto: Ontario Economic Council, 1985); Courchene with Telmer, *From Heartland to North American Region State*, chap. 2.

14. Kenneth Rea, *The Prosperous Years* (Toronto: University of Toronto Press, 1985); Sid Noel, "The Ontario Political Culture: An Interpretation," in Graham White, ed., *The Government and Politics of Ontario*, 5th ed. (Toronto: University of Toronto Press, 1997).

15. O'Grady, "Province of Ontario Canada," 256-260.

16. Government of Ontario, *Ontarians Expect Fairness from the Federal Government* (Toronto: Queen's Printer for Ontario, 1995). Informetrica Ltd., *Ontario and the Unemployment Insurance System* (Toronto: Ontario Ministry of Intergovernmental Affairs, 1993).

17. Ontario Premier's Council, *Competing in the New Global Economy: Report of the Premier's Council*, Vol. 1 (Toronto: Queen's Printer, 1988).

18. Ibid., 11-34.

19. Ibid., 64.

20. Ontario Premier's Council, *People and Skills in the New Global Economy* (Toronto: Queen's Printer for Ontario, 1990).

21. Ibid., 108-119.

22. For an elaboration of these issues see, David Wolfe, "Institutional Limits to Labour Market Reform in Ontario: The Short Life and Rapid Demise of the Ontario Training and Adjustment Board," in Sharpe and Haddow, eds., *Partnerships for Training*, 164; Kari Dehli, "Subject to the New Global Economy: Power and Positioning in Ontario Labour Market Policy Formation," *Studies in Political Economy* no. 41 (1993): 83-110.

23. For further details, see Neil Bradford, "Ontario's Experiment with Sectoral Initiatives: Labour Market and Industrial Policy, 1985-1996," in M. Gunderson and A. Sharpe, ed., *Forging Business-Labour Partnerships: The Emergence of Sectoral Councils in Canada* (Toronto: University of Toronto Press, 1998), 164-167.

24. In a widely publicized address to the party's first convention after winning power, Premier Rae told delegates, "This government recognizes the fact that there must be a marriage and an understanding between those who are involved in the creation of wealth and those who are preoccupied with issues of social justice." After losing power in 1995, he further reflected, "We were right to put bankers and brokers and social workers and union leaders in the same room and them to work to a common goal . . . right to insist on labour peace and a respect for partnership." See *The Ontario Democrat: The Year in Review*, 4 September 1991; Bob Rae, *From Protest to Power: Personal Reflections on a Life in Politics* (Toronto: Viking, 1996), 286.

25. NDP campaign official David Reville, quoted in Georgette Gagnon and Dan Rath, *Not Without Cause: David Peterson's Fall from Grace* (Toronto: HarperCollins, 1991), 314.

26. The case study descriptions below of the OTAB and SPF draw in part on material published in Bradford, "Ontario's Experiment with Sectoral Initiatives."

27. Carolyn Hughes Tuohy, *Ministerial Review of the Workplace Health and Safety Agency* (Ontario Ministry of Labour, February 1995), iii, 11. This independent review, required by the 1990 legislation establishing the WHSA, is both a valuable source of information on the agency's history and a considered judgment about the viability of bipartite associative governance in Ontario.

28. Ontario, *Legislative Debates* (1983), 240; Ontario Federation of Labour, *Final Report: Task Force on Alternative Structures in Occupational Health and Safety* (Toronto: Ontario Federation of Labour, 1986).

29. Touhy, *Ministerial Review*, 11.

30. Ibid., 10; more generally on this theme, see Eric Tucker, "Worker Participation in Health and Safety Regulation: Lessons from Sweden," *Studies in Political Economy* 37 (1992): 95-100.

31. The full mandate of the WHSA was incorporated into the provincial occupational health and safety act. The four tasks we have identified were the most significant among the dozen or so specific responsibilities assigned to the new agency from government.

32. Ontario Federation of Labour, *Final Report*.

33. Ontario, *Standing Committee on Resource Development* (1990), 116.

34. Tuohy, *Ministerial Review*, 12-13.

35. A senior Labour Ministry official reported to the legislative committee reviewing the bill: "we simply told the parties: Look, this is our initiative. We can't expect you to be able to find agreement on this subject." Ontario, *Standing Committee on Resource Development* (1990), 201.

36. "Taming the Industrial War Zone," *Accident Prevention* 40 (1993): 15-16.

37. Ibid., 26.

38. "Safety Committee to be Mandatory in the Workplace," *London Free Press*, 3 May 1993.

39. Workplace Health and Safety Agency, *At the Agency* (1993), 3.

40. "Workplace Safety Campaign Urged," *Toronto Star*, 11 February, 1994.

41. The overall business strategy is captured well in the comment of one corporate executive to Bob Rae on the specific issue of labor relations reform. Rae recalls a Toronto lawyer, claiming "he was speaking for a number of business leaders," explaining their non-cooperation with the government: "A number of us believe that if you succeed here we could be insuring your re-election." Rae, *From Protest to Power*, 228.

42. See, for example, the policy position of the Liberal Party in *Back to the Future* (Toronto: Liberal Party of Ontario, 1994).

43. Hugh Mackenzie, "Dealing with the New Global Economy: What the Premier's Council Overlooked," in Daniel Drache, ed., *Getting on Track: Social Democratic Strategies for Ontario* (Montreal and Kingston: McGill-Queen's University Press, 1992), 13.

44. Alan Ernst, "Towards a Progressive Competitiveness? Economic Policy and the Ontario New Democrats 1988-1995" (paper presented at the annual meetings of the Canadian Political Science Association, Montreal, June 1995; Ontario Federation of Labour, "The Report of the Premier's Council on Education, Training and Adjustment: Comment and Review" (Toronto: Ontario Federation of Labour, 1990).

45. Ontario, *Standing Committee on Resource Development* (1993), 1348.

46. "OTAB—Building Today, Getting Ready for Tomorrow," in *OTAB Annual Report 1994*, 3.

47. Judy Steed, "No Consensus on Job-Training Scheme," *Toronto Star*, 16 July 1993.

48. For further details, see Neil Bradford and M. Stevens, "Whither Corporatism? Political Struggles and Policy Formation in the Ontario Training and Adjustment Board," in Thomas Dunk, Stephen McBride, and Randal Nelsen, eds., *The Training Trap: Ideology, Training and the Labour Market* (Winnipeg/Halifax: Society for Socialist Studies/Fernwood Publishing, 1996), 145-167.

49. Communications, Energy and Paperworkers Union of Canada, *Worker-Driven Training: A Research Report.* (Toronto: Communications, Energy, and Paperworkers Union of Canada, 1993).

50. Ibid., 11.

51. These internal tensions in the labor movement boiled over when the NDP chose to manage provincial deficit pressures through expenditure restraint legislation, which voided existing public sector collective agreements and temporarily suspended bargaining rights. This package also included measures to assist with public sector labor adjustment and organizational change and was marketed by the government as a "Social Contract." Introduced in 1993, the critical year in the OTAB's already difficult gestation, the Social Contract dampened labor's enthusiasm for government partnership initiatives. Certainly, the OFL could no longer expect support for its associative activities from the CAW and public sector affiliates. See Stephen McBride, "The Continuing Crisis of Social Democracy: Ontario's Social Contract in Perspective," *Studies in Political Economy* 50 (1996): 65-95.

52. Ontario, *Standing Committee on Resource Development* (1993), 1711.

53. Ibid.

54. Ibid., 1597.

55. Bradford and Stevens, "Whither Corporatism?" 159-161.

56. Ontario, *Standing Committee on Resource Development* (1993), 1825.

57. Ibid., 1376.

58. Steed, "No Consensus on Job-Training Scheme," 23.

59. Ibid.

60. OTAB, *Co-Chairs' Report*, 1994.

61. Mackenzie, "Dealing with the New Global Economy," 10-11; Sam Gindin and David Robertson, "Alternatives to Competitiveness," in Drache, ed., *Getting on Track*, 35-37.

62. David Wolfe, "Technology and Trade: Finding the Right Mix," in Drache, ed., *Getting on Track*, 21-22.

63. See Pontusson, *The Limits of Social Democracy*, chap. 5; Gindin and Robertson, "Alternatives to Competitiveness."

64. Ontario Ministry of Industry, Trade and Technology, *Investing in Tomorrow's Jobs: Effective Investment and Economic Renewal* (Toronto: Queen's Printer for Ontario, 1992).

65. Ibid., 12-18.

66. Ontario Ministry of Economic Development and Trade, *Ontario Sector Snapshots: A Progress Report on the Sector Development Approach* (Toronto: Queen's Printer for Ontario, 1995).

67. Ontario Ministry of Industry, Trade and Technology, *An Industrial Policy Framework for Ontario*, 24.

68. Douglas A. Hall, "Industrial Policy in Ontario" (paper presented at the annual meetings of the Canadian Political Science Association, Brock University, St. Catherines, Ontario, June 2, 1996).

69. David Wolfe, "Negotiating Order: The Sectoral Approach to Industrial Policy in Ontario" (paper presented at the annual meetings of the Canadian Political Science Association, Brock University, St. Catherines, Ontario, June 2, 1996).

70. Ontario Ministry of Economic Development and Trade, *Ontario Sector Snapshots*; Ernst, "Towards a Progressive Competitiveness?" 21.

71. Art Chamberlain, "Bob Rae's New Friends," *Toronto Star*, 1 May 1995.

72. Ontario Ministry of Economic Development and Trade, *Ontario Sector Snapshots*; Ontario Ministry of Economic Development and Trade, *Annual Report 1994-1995* (Toronto: Queen's Printer for Ontario, 1996).

73. There is the prospect that the relative success achieved at the sectoral level comes with certain social costs in equity terms. The problem is most obvious in relation to the narrow representation in sectoral associative partnerships. It also arises in terms of programmatic focus, where sectoral planning confines itself to "upside adjustment assistance" to employed workers and dynamic firms. The unemployed and those laid-off workers needing support to make a transition across industries may find their needs not well served in a sector-based policy approach to restructuring. In this particular context, at least, the inclusive structure and intersectoral program reach of the OTAB was hardly misguided. See Andrew Sharpe, *Sector Councils in Canada: Future Challenges* (Ottawa: Centre for the Study of Living Standards, 1996), 36-37.

74. Putnam, *Making Democracy Work*, 16.

75. Ibid., 17; see also James G. March and Johan P. Olsen, *Rediscovering Institutions: The Organizational Basis of Politics* (New York: Free Press, 1989), 164.

76. Levi, "Social and Unsocial Capital," 52.

77. Cohen and Rogers, "Secondary Associations and Democratic Governance" and "Solidarity, Democracy, Association."

78. Cohen and Rogers, "Secondary Associations and Democratic Governance," 9.

79. Ibid., 258.

80. Joel Rogers and Wolfgang Streeck, "Productive Solidarities: Economic Strategy and Left Politics," in David Miliband, ed., *Reinventing the Left* (Cambridge, UK: Polity, 1994), 134.

81. Ibid.

82. Robert Kuttner, "Comment: Don't Forget the Demand Side," in Miliband, ed., *Reinventing the Left*, 146-151.

83. Ibid., 148.

84. See note 51 above for further details on the Social Contract.

85. For critical discussion of the state and the "artifactuality thesis," see Paul Hirst, "Can Secondary Associations Enhance Democratic Governance?" in Cohen and Rogers, edited by Olin Wright, *Associations and Democracy*, 101-113. Also see Kenneth Finegold and Theda Skocpol, *State and Party in America's New Deal* (Madison: University of Wisconsin Press, 1995), 50-65.

86. See Michael M. Atkinson and William D. Coleman, *State, Business, and Industrial Change in Canada* (Toronto: University of Toronto Press, 1989), 87-94; Michael M. Atkinson and Cassandra W. Pervin, "Sector Councils and Sectoral Corporatism: Viable, Desirable?" in Andrew Sharpe and Morley Gunderson, eds., *Forging Business-Labour Partnerships: The Emergence of Sector Councils in Canada* (Toronto: University of Toronto Press, 1998), 271-295.

87. There was considerable cross-flow of ideas, lessons, and personnel between the Ministry of Labour and the Ministry of Skills Development, the two lead bureaucracies responsible for the establishment of the WHSA and OTAB, respectively.

88. Finegold and Skocpol, *State and Party in America's New Deal*, 38-50; Ellen M. Immergut, "An Institutional Critique of Associative Democracy," in Cohen and Rogers, edited by Olin Wright, *Associations and Democracy*, 201-203.

89. Ontario Ministry of Finance, *1996 Ontario Budget, Budget Papers: Your Ontario Tax Cut* (Toronto: Queen's Printer for Ontario, 1996), 81-96.

90. Carolyn Tuohy, "Interests and Institutions: Making the Match," in Bryne Purchase, ed., *Policy Making and Competitiveness* (Kingston: School of Policy Studies, 1994), 43.

91. About his government's experience with social partnerships, NDP Premier Bob Rae concluded with some justification that "business as a class wanted our government to fail, and was prepared to do whatever it could to make sure we did." This observation speaks more generally to the prospects for associative governance in Ontario. See Rae, *From Protest to Power*, 228.

92. Cohen and Rogers, "Secondary Associations and Democratic Governance."